

The Department of Regulatory Agencies (DORA)
Performance Planning and Management Plan
Updated November, 2004

Background

This document provides details of the Department of Regulatory Agencies' Performance Planning and Management Plan. DORA's plan and performance pay program consist of the following components:

- I. Performance Planning and Management
- II. Performance-based Pay
- III. Dispute Resolution
- IV. Training
- V. Distribution of Annual Performance Salary Adjustments
- VI. Maintaining the Plan

DORA's Performance Planning and Management Plan was developed by the Executive Director's Office (EDO), consistent with requirements of the State's system-wide Performance Pay System, in response to SB 00-211, and based on consideration of employee and stakeholder input. The current plan (updated November, 2004) includes revisions required to reflect and accommodate Personnel Rules and Procedures changes effective May 2, 2004.

The EDO has the responsibility, through division directors as appointing authorities and supervisors as designated raters, of communicating details of this Performance Planning and Management Plan to employees. This is accomplished through annual planning sessions, as described herein, held between supervisors and employees at the beginning of the annual performance cycle.

All performance salary adjustments are based on employee performance and available funding. Service dates (and/or former "anniversary dates") do not have an impact on the amount or date of an individual salary adjustment.

A DORA Executive Committee, comprised of the Department of Regulatory Agencies Executive Director, Managers/Section Heads of the Executive Director's Office, and Division Directors (or a selected representative from each division), convenes to evaluate, determine, maintain and assure the quality and equitable application of this plan.

I. Performance Planning and Management

Performance Measurement

Performance is rated at one of four levels, each of which is uniformly defined for all state personnel system employees, in accordance with Personnel Rules and Procedures. In addition to supporting performance-based pay, rating levels are important because performance evaluations are used in other parts of the personnel system, e.g., layoffs.

Rating Levels and Definitions

| Needs Improvement 1 | Good 2 | Very Good 3 | Peak 4 |
|--|--|---|--|
| <ul style="list-style-type: none"> • Fails to meet expectations; needs to demonstrate improvement in order to satisfy the core expectations of the position. • Performance is unsatisfactory and does not consistently and independently meet expectations and requirements as set forth in the performance plan. • Performance requires substantial monitoring to achieve consistent completion of work; requires more constant, close supervision; clearly less than acceptable, as well as below minimum position requirements. • Unable to adapt to change. • Unsatisfactory; skills are at a level detrimental to performance. • The need for improvement is recognized and identified, and must occur as outlined in the required performance improvement plan or corrective action. | <p>This rating level encompasses a <u>range</u> of expected performance and is the most important to define in the performance plan.</p> <ul style="list-style-type: none"> • Exhibits competency in the work behaviors, skills and assignments for a job (includes employees who are successfully developing in a job). • Consistently meets expectations of regular assignment. • Meets, and on occasion may exceed, all of the expectations, standards, requirements and objectives in the performance plan. • Reliably performs the job assigned. • Contributing and exhibiting behavior competently and as expected. • Satisfactory; acceptable, accurate and complete work. • Meets customer expectations and technical specifications. • Capable and qualified. • Assignments accomplished effectively with a normal amount of direction. • Positive attitude and ability to adapt well to change. | <ul style="list-style-type: none"> • Accomplished performance; consistently exhibits the desired competencies effectively and independently while frequently exceeding expectations, standards, requirements, and objectives of the job assigned. • Work has a documented impact beyond the regular assignment and performance objectives directly support the mission of the organization. • Innovative, above-standard, commendable. • Anticipates opportunities, prevents problems. • Higher production levels. | <ul style="list-style-type: none"> • Consistently exceptional, documented performance or consistently superior achievement beyond the regular assignment. • Throughout the duration of the rating period, makes exceptional contribution(s) that have a significant and positive impact on the unit or the organization and may materially advance the mission of the department. • Provides a model for excellence and helps others to do their jobs better. • Takes initiative to identify and complete unassigned work that significantly contributes to mission of DORA/unit. • Complete mastery of all phases of job – performance is clearly distinguished. • Contributes in a way that improves processes, quality, effectiveness or efficiency. • Completes work using fewer financial resources, personnel, equipment or other allocated resources. • Peers, immediate supervision, higher-level management and others can readily recognize and acknowledge such level of performance. |

Core Competencies

DORA utilizes the uniform statewide core competencies as defined by the State Personnel Director. Each core competency must be used in the performance planning and rating of each employee. The total weight for the core competencies must be within the range of 15 and 25 percent.

| Core Competencies |
|-------------------------|
| Communication |
| Interpersonal Relations |
| Customer Service |
| Accountability |
| Job Knowledge |

Planning/Evaluation Form and Process

DORA utilizes its intranet-based, online Performance Planning and Management System (PPMS) for the documentation, recording and tracking of all employee performance planning, progress reviews, evaluation activities, and for all information related to performance management/employee performance. The electronically initialed (representing the employee's signature) final copy of the performance evaluation is documented and maintained in each employee's official PPMS record. Supervisors are responsible for completing all phases of the performance management and evaluation cycle in a timely manner and in the automated system. Although submission of signed, hard-copy evaluations to DORA's Office of Human Resources at the end of the performance management year is not required, official personnel files will include a hard-copy of the front page of the employee's overall final performance evaluation for each performance management year.

The **Performance Planning** process is characterized by the following:

- A planning session must be held between the supervisor and employee by April 30th of each year. For new employees or transferring employees a plan must be put into place within 30 days of employment.
- Employees moving from one position to another must have an exit evaluation completed by their current supervisor and new plan put into place that reflects their new duties. An employee promoting as a result of the reallocation of the position he/she occupies, requires modification to the current plan within 30 days of the promotion.
- Employee performance plans must be established with performance objectives that align with the Department's and the division's goals and objectives. Employee involvement and participation in the development of performance plans is highly encouraged, however, the supervisor is the individual legally responsible and accountable for defining a position, including the establishment of a performance plan.

- Performance coaching and feedback are to be provided and documented by supervisors during the performance year, and must include at least one documented progress review.

The **Progress Review** process is characterized by the following:

- In accordance with Personnel Rules and Procedures, at least **one** documented progress review meeting between the supervisor and employee is required during each evaluation year. New DORA employees hired after December 1st of an evaluation year are not required to have a documented progress review for that evaluation period.
- The primary intent of a progress review is to provide feedback, in both directions, between the supervisor and employee. The progress review is typically not an evaluation (the purpose of which is to actually provide a performance rating).
- Progress reviews provide an opportunity to document and substantiate the employee's performance level that help support the rating at the end of the performance management year.
- Progress reviews provide an opportunity to cover the first part of the year's performance by the employee, and to ensure that it is included in the overall yearly appraisal.

The **Performance Evaluation** process is characterized by the following:

- All employees must be evaluated, in writing, at least annually based on their job performance during the previous year.
- If an employee moves to a different position under another supervisor (within or out of DORA to another classified personnel system position), a final evaluation shall be completed and delivered to the new supervisor or department within 30 days of the effective date of the move.
- For employees moving within DORA, these evaluations will be used in calculating the final overall (annual) evaluation. The final overall (annual) evaluation will be the weighted average of all final evaluations during the performance management cycle.
- These guidelines shall be used in a timely manner by all appointing authorities and designated raters, including any person employed by the state who supervises an employee.
- Previous performance evaluations for employees who are new to DORA, but not new to the state personnel system (e.g., employees who have transferred, promoted, etc., from another state agency or position in the classified system), are considered in the annual evaluation process, but not used in formally calculating the final overall (annual) evaluation.

- Employees who resign or are terminated for performance reasons must have a final evaluation completed, and when possible, signed by the employee.
- Supervisors may conduct an evaluation for retiring employees or employees promoting as a result of a position reallocation.
- Early certification requires a performance evaluation *and* a rating of Good (Level 2) or better. This evaluation may be considered by the supervisor when conducting the final evaluation, but the system will not automatically use it in the calculation of the final overall (annual) evaluation.
- Supervisors who are resigning, retiring, or by any other action moving from one position to another, must conduct final evaluations for employees he/she will no longer supervise. These evaluations are used in calculating the weighted average for the final overall (annual) evaluation.
- The division director of each division reviews all employee performance evaluations for his/her respective division before final ratings are provided to employees. This review serves as an equitable and consistent quality assurance check for all ratings in that division. All ratings must be accompanied with supporting documentation, particularly peak and needs improvement ratings.
- All Peak evaluations must be reviewed (and approved) by the Executive Director prior to the release of ratings to the respective employees.
- The performance evaluation cycle is uniform within DORA, and consistent with the statewide performance management cycle. The performance management cycle begins April 1st, and ends March 31st of each year. All annual evaluations must be completed in March, and electronically initialed (signed) by March 31st. This deadline has been established to allow time to complete administrative processes required to make pay rate changes for the July payroll payment date.
- Performance evaluations are based on qualitative ratings that will convert to one of the four statewide established and defined rating levels. A natural "bell shaped curve" of the number of individual rating level occurrences is anticipated (fewest at Level 1 and Level 4, and most at Levels 2 and 3).
- DORA does not establish quotas or forced distribution processes for determining the number of ratings in any of the four performance levels.
- Immediate supervisors have the first line of responsibility to plan and evaluate an employee's job performance in a timely manner. If the supervisor does not fulfill this responsibility, a reviewer (second level supervisor) is responsible for completing the plan and/or evaluation. If the reviewer fails to plan and/or evaluate the employee in a timely manner, the reviewer's supervisor is responsible for completing the plan and/or evaluation and on up the chain of command until the plan and/or rating is completed as required by law. In the event an employee fails to receive a final evaluation, the employee will be deemed to have earned a Good (Level 2) rating.

- Evaluators giving a Needs Improvement (Level 1) rating, denoting unsatisfactory performance, must develop a performance improvement plan or institute a corrective action. Performance improvement plans must provide a reasonable amount of time for the employee to demonstrate performance improvement and must set a reevaluation date. A performance improvement plan is not a corrective action within the legal meaning of State Personnel Board rules. If performance is still unsatisfactory at the time of reevaluation, a corrective action shall be given. Subsequently, if performance is still unsatisfactory at the time of reevaluation under a corrective action, the appointing authority may take disciplinary action up to and including demotion or termination.

II. Performance-based Pay

All statewide compensation plan system requirements are incorporated in DORA's Performance Planning and Management Plan. A complete listing of the statewide requirements and system parameters is available on the Department of Personnel and Administration's web site at <http://www.colorado.gov/dpa/dhr/oversight/perfpay.htm>

- Beginning July 1, 2004, the State Personnel Director shall specify and publish the percentage ranges for performance levels based on the available statewide performance pay funding.
- Pay range maximum is the same as what was formerly called traditional maximum or Step 7.
- Effective July 1, 2002, there are no anniversary increases.
- All performance salary adjustments are subject to available funding and no adjustment is guaranteed.
- Senior Executive Service (SES) and Governor Appointees are not eligible for performance salary adjustments.
- Information as required by the State Personnel Director, will be reported by specified deadlines.
- Employees who receive a Level 4 rating (Peak) and are at "pay range maximum" or the "salary lid" (or are above the pay range maximum in "saved pay") are only eligible for a non-base building performance salary adjustment.
- Designated raters are evaluated on their performance management and evaluation of employees.
- Absent extraordinary circumstances, a supervisor's failure to timely plan and evaluate in accordance with DORA's performance management process will result in a corrective action and ineligibility for a performance salary adjustment. In accordance with CRS 24-50-118 and State Personnel Rules & Procedures, P-6-2, if an individual performance plan or evaluation is still not completed within 30 days of the corrective action, the supervisor shall be disciplinarily suspended in increments of one workweek following the pre-disciplinary meeting.
- The JBC, with the approval of the General Assembly, determines the amount of funding.
- There are no non-cash awards.

- All performance salary adjustments are effective on July 1. The salary adjustment is based on the final overall (annual) rating. The employee must be an employee of DORA on July 1 following the evaluation period in March to receive payment of the salary adjustment.
- Level 4 (Peak) performers are eligible for performance salary adjustments not to exceed the highest percentage set by the State Personnel Director. These performance adjustments are base building up to the pay range maximum for that position. Any portion of the adjustment amount that exceeds range/grade maximum shall be paid as a one-time lump sum in the July payroll (as a non-base building portion of the salary adjustment). The statutory salary lid does not apply to any non-base building portion of the adjustment.
- Level 3 performers are eligible for performance salary adjustments not to exceed the highest percentage set by the State Personnel Director for Level 3 performers, up to pay range maximum for that position. If base pay is at grade maximum or in saved pay above the maximum, the employee is ineligible for a performance salary adjustment.
- Level 2 performers are eligible for performance salary adjustments not to exceed the highest percentage set by the State Personnel Director for Level 2 performers, up to pay range maximum for that position. If base pay is at grade maximum or in saved pay above the maximum, the employee is ineligible for a performance salary adjustment.
- Level 1 performers are ineligible for annual performance salary adjustments.
- An employee granted an annual performance salary adjustment shall not be denied the adjustment because of a corrective or disciplinary action issued for an incident after the close of the previous performance cycle.
- In the Department of Regulatory Agencies, all performance salary adjustments are prorated based on the amount funded by the JBC. A single proration factor is calculated for the Department, utilizing the maximum percentage of each of the percentage ranges for the performance levels as established by the State Personnel Director. All performance adjustments are prorated (or reduced) by the same percentage, to accommodate the available funding.
- Evaluators assign a numerical rating from 0 to 4 (with two decimal places) to each job duty and core competency. The numerical rating for each job duty and core competency is multiplied by its respective weight (assigned at planning time) and totaled for an overall final rating based on the following table:

| Range of Points | Final Rating | Rating Level |
|-----------------|--------------|-------------------|
| 3.5 to 4.0 | Level 4 | Peak |
| 2.5 to 3.49 | Level 3 | Very Good |
| 1.5 to 2.49 | Level 2 | Good |
| 0 to 1.49 | Level 1 | Needs Improvement |

- DORA has instituted **DORAwards**, a department-wide, individual and team performance incentive award program, to supplement performance based salary adjustments. Additionally, division and cross-division employee incentive and award programs have been established which supplement salary-based performance adjustments.

III. Dispute Resolution

In order to support and encourage dialogue and communication and to preclude problems before developing into disputes, supervisors are encouraged to involve employees in drafting performance plans. Understanding and agreement are important aspects of effective performance planning and management. The primary intent of the progress review is to provide feedback, in both directions, regarding performance and expectations. A pre-appraisal interview provides an opportunity for the employee and supervisor to exchange information to ensure significant performance data is considered and included in the evaluation process. Signing the final overall (annual) evaluation does not in any way waive or forfeit an employee's opportunity or right to pursue an issue through (or subject to) the dispute resolution process.

The dispute resolution process is an open, impartial process that is not a grievance or an appeal. Disputes should be resolved at the lowest level and as informally as possible. The State Personnel Director's Performance Pay System Dispute Resolution Process is comprised of two levels -- an internal stage administered within and by the department (Internal Dispute Resolution); and an external stage administered by the Department of Personnel and Administration (External Dispute Resolution). The State Personnel Director has established timeframes regarding the deadlines for filing written disputes and resolving disputed matters for both stages. Additionally, pursuing resolution of disputes informally at the Internal Dispute Resolution level, before using the External Dispute Resolution process, is required by the Dispute Resolution policy of the State Personnel Director.

Internal Dispute Resolution

The purpose of the Internal Dispute Resolution process is to create a fair and unbiased opportunity for the parties involved to have issues heard. DORA administers a detailed internal dispute resolution process that complies with the requirements of, and has been approved by, the State Personnel Director. The following points constitute DORA's Internal Dispute Resolution process:

- A description of the Internal Dispute Resolution process, including timelines and name or position of the appointing authority, is available on DORA's intranet. Supervisors should remind employees to review the website by mid-year or no later than at the time of the progress review.
- In accordance with Personnel Rules and Procedures, only the following matters are disputable: 1) the individual performance plan (or lack of a plan); 2) the individual final overall performance evaluation or lack of a final overall evaluation; 3) the application of DORA's Performance Planning and Management Plan (performance pay program, policies or processes) to an individual employee's performance plan and/or final overall evaluation; and 4) full payment of the prorated performance salary adjustment.
- In accordance with Personnel Rules and Procedures, the following matters are not disputable: 1) the content of the department's performance planning and management plan, 2) matters related to the funds appropriated, 3) the performance evaluations and

performance salary adjustments of other employees, and 4) the amount of a performance salary adjustment, (including whether it is base or non-base building) unless the issue involves the application of DORA's Performance Planning and Management Plan (performance pay program or plan).

- The deadline for filing an internal dispute requires that the employee file a Notice of Intent to Dispute within five (5) working days from the date the action occurred. DORA has established guidelines for the documentation of disputes and notification of parties when a Notice of Intent to Dispute has been received. These guidelines, and requisite forms and instructions, can be found on the DORA's intranet.
- Appointing authorities shall be the decision-makers in the Internal Dispute Resolution process.
- The appointing authority in the Internal Dispute Resolution process is limited to finding facts as to whether the process was applied correctly, and shall not substitute his/her judgment for that of the rater. The decision-maker has the ability to "instruct the rater to follow the agency's plan or process, to correct an error, to reconsider a rating or plan, or to suggest other resolution processes such as mediation." The determination made by a decision-maker is in addition to the supervisor's judgment, not in substitution of it. Decision-makers cannot render a decision that would not be consistent with DORA's Performance Planning and Management Plan (performance pay program or plan).
- The decision-maker will issue a written decision to the employee, the supervisor and to the HR Section within the timelines outlined in DORA's Internal Dispute Resolution process.
- Decisions made regarding an employee's plan and final evaluation are final at the Internal Dispute Resolution level and the employee has no further recourse for those issues.
- If lack of a plan or lack of a final, overall evaluation is the issue of the internal dispute, and the appointing authority fails to establish a plan or assign a final rating as a result of the Internal Dispute Resolution process, the employee has a right to appeal this lack of action to the State Personnel Director.
- Only issues originally presented in writing shall be considered throughout the dispute resolution process.
- No party has an absolute right to legal representation, but may have an advisor present. The parties are expected to represent and speak for themselves.
- Retaliation against any person involved in the dispute resolution process is prohibited.

External Dispute Resolution

Only disputes concerning the application of DORA's Performance Planning and Management Plan (performance pay program, policies or processes) to the individual employee's performance

plan and/or final overall evaluation, or full payment of the prorated performance salary adjustment may proceed beyond the department level to the State Personnel Director (after completion of the Internal Dispute Resolution process).

Decisions rendered and issued on matters that are disputable at the external stage must include language that notifies the employee that he/she may submit a written request for an external review by the State Personnel Director. Within five (5) working days from the appointing authority's final decision, the employee must file a written request for review with the State Personnel Director, 1120 Lincoln Street, Suite 1420, Denver, CO 80203. This request for external review shall include a copy of the original issue(s) submitted in writing, the department's final decision, and if applicable, a copy of the program in dispute.

IV. Training

Performance management training is designed and conducted to provide employees and supervisors with the information and tools necessary for successful functioning in a performance-based pay system. Training content presents information regarding the mandates of the statewide performance pay system, the details of the Department of Regulatory Agencies' Performance Planning and Management Plan, areas where the department has exercised discretion and flexibility to develop unique guidelines and policies (within the parameters of the statewide plan), and changes mandated by the performance pay system.

On-going training is offered regularly and focuses on a variety of subjects to address the needs of both supervisors and employees in regard to performance planning and management performance evaluation and ratings, calculation of performance adjustments, and use of DORA's intranet-based online Performance Planning and Management System for the recording and retention of all employee performance planning and evaluation data. *Annual Performance management training is mandatory for all supervisors.* Additionally, to emphasize supervisor accountability, all supervisors have an element of their performance plans that will be utilized to evaluate their performance management effectiveness. In compliance with statewide guidelines, sanctions for failure to plan or evaluate will be imposed.

Training is offered in both formal and informal formats, is flexible, is offered in a variety of settings, and can be adapted to fit the business needs of the many unique work settings within DORA.

V. Distribution of Annual Performance Salary Adjustments

Annual base and non-base building performance salary adjustments are a percentage of July's base salary and become effective July 1. The base salary rate resulting from multiple actions effective on July 1, is computed in the following order:

- *System maintenance studies;*
- *Upward, downward or lateral movements;*
- *Base pay changes for the Teacher I class;*
- *Changes in pay grade minimums and maximums to implement approved annual compensation changes;*

- *Salary adjustments to the base pay of employees from the approved annual compensation changes, subject to the new grade maximum;*
 - *Bring salaries to the new grade minimum as a result of compensation survey pay grade changes;*
 - *Annual performance salary adjustments.*
- Annual, base building performance salary adjustments are paid in 12 equal monthly payments, starting with July's payroll.
 - Non-base building performance salary adjustments are paid lump sum, in the July payroll.
 - All adjustments are prorated based on the amount of available funding.
 - The calculated adjustment is computed based on the final overall (annual) evaluation rating (award percent times July's base salary). For employees with more than one final evaluation during the performance management year, the final overall (annual) evaluation is the weighted average of all final evaluations.
 - If the sum of the calculated adjustments for all employees in DORA is more than the amount appropriated by the General Assembly, DORA calculates a department proration factor. The proration factor times the calculated salary adjustment is the performance salary adjustment an employee will actually receive.

DORA's Pay Plan
Based on Evaluations Completed in March
For Payouts Occurring in July

| Range of Points | Final Rating | Rating Level | % Range Established by the State Personnel Director * |
|------------------------|---------------------|---------------------|--|
| 3.5 to 4.0 | Level 4 | Peak | Max % of range for level 4* |
| 2.5 to 3.49 | Level 3 | Very Good | Max % of range for level 3* |
| 1.5 to 2.49 | Level 2 | Good | Max % of range for level 2* |
| 0 to 1.49 | Level 1 | Needs Improvement | 0 |

*Before proration

All employees other than those at "pay range maximum" are eligible for a base-building performance salary adjustment if their rating is between 1.5 and 4.0. Those at "pay range maximum" are eligible for a non-base building performance salary adjustment if rated between 3.5 and 4.0.

The amount of funding provided by the General Assembly has an impact on the dollar increase and what the percentage salary adjustment actually is after all computations are made. In other words, a salary adjustment may *begin* the process as eligible for a 5% increase, but the salary adjustment would be less than 5% if the level of funding were inadequate to meet the amount the calculations demand.

The following examples assume that the proration factor for the award calculations is .50 (50%).

Employee A (not at “pay range max”, rating level 3)

| | |
|---|----------|
| Monthly salary | \$2,075 |
| Base-building performance adjustment percentage | 5% |
| Monthly base-building adjustment | \$104 |
| Actual Performance adjustment (adjustment x proration factor) | \$52 |
| New annual salary (\$2,075/month base + \$52/month) | \$25,524 |
| New monthly salary beginning July, 2006 | \$2,127 |

Employee B (not at “pay range max”, rating level 3)

| | |
|---|----------|
| Monthly salary | \$2,050 |
| Base-building performance adjustment percentage | 5% |
| Monthly base-building adjustment | \$103 |
| Actual Performance adjustment (adjustment x proration factor) | \$52 |
| New annual salary (\$2,050/month base + \$52/month) | \$25,224 |
| New monthly salary beginning July, 2006 | \$2,102 |

Employee C and D (at “pay range max”, rating level 4)

| | |
|---|----------|
| Monthly salary | \$2,000 |
| Annual salary \$2,000 x 12 | \$24,000 |
| Non-base building performance adjustment percentage | 10% |
| One-time, non-base building adjustment | \$2,400 |
| Actual Performance adjustment (adjustment x proration factor) | \$1,200 |
| Monthly salary continues at | \$2,000 |

VI. Maintaining the Plan

A DORA Executive Committee, comprised of the Department of Regulatory Agencies Executive Director, Managers/Section Heads of the Executive Director’s Office and Division Directors (or a selected representative from each division), will convene to evaluate, determine and maintain the quality and equitable application of this plan.

This plan presents the foundation of DORA’s Performance Planning and Management Plan and the state’s performance pay system that was developed with input from various stakeholders. As the performance pay system progresses, the plan and performance management process remain open to refinement and improvement. Public hearings that are an integral part of the state’s process for adoption of new rules and procedures continue to encourage and establish new ideas and requirements. Finally, system evaluation will likely continue to drive additional changes in order for the performance pay system to remain relevant and effective. DORA’s plan is intended to remain flexible and adaptive to changing statewide requirements.